

Message Text

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ACTION SS-30

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FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 8488

S E C R E T SAIGON 11714

EXDIS

E.O. 11652: GDS

TAGS: MARR, VS, AFIN

SUBJ: ICCS FINANCIAL CRISIS

1. FROM TELECON BETWEEN EMBASSY ICCS LIAISON UNIT AND EA/VN
I UNDERSTAND THAT ICCS FINANCIAL SITUATION WILL BE CONSIDERED
URGENTLY AT TOP LEVELS ON MONDAY, SEPT 9.

2. APART FROM THE BROADER IMPLICATIONS FOR US POLICY INTERESTS
SHOULD THE ICCS-FOR ALL PRACTICAL PURPOSES-GO OUT OF EXISTENCE AS
A CONSEQUENCE OF A FINANCIAL CRISIS I AM CONCERNED ABOUT THE
IMMEDIATE EFFECTS ON THE CURRENT SITUATION IN NORTHERN MILITARY
REGION I.

3. THE INHIBITING OR DETERRENT EFFECT OF THE EXISTENCE OF ICCS
TEAM SITES ON THE NVA/VC IS ADMITTEDLY MARGINAL. HOWEVER,
IF THE PRESENCE OF ICCS SITES ACTS AS AN INHIBITING ELEMENT
ANYWHERE, IT DOES SO IN NORTHERN MR 1 (NORTH OF THE HAI VAN PASS)
AND ESPECIALLY IN THE QUANG TRI CITY AREA WHERE WE HAVE THE
CLOSEST THING TO A CONVENTIONAL FRONT LINE MILITARY CONFRONTATION.
THERE ARE NOW THREE ICCS SITES IN NORTHERN MR I-THE REGIONAL
HEADQUARTERS AT HUE AND TEAM SITES IN WHAT IS LEFT OF QUANG
TRI CITY AND AT PHU BAI SOUTH OF HUE. THESE SITES ARE STILL
MANNED BY ELEMENTS OF ALL FOUR ICCS DELEGATIONS.

4. AS THE DEPARTMENT IS AWARE, MILITARY REGION I HAS SEEN A
CONSIDERABLE INCREASE IN NORTH VIETNAMESE MILITARY PRESSURE IN THE
LAST SIX WEEKS OR SO. MOST RECENTLY SOUTHERN THUA THIEN -THE
PROVINCE IN WHICH HUE IS LOCATED-HAS BEEN A FOCUS OF ENEMY

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ATTENTION.

5. THERE ARE TWO WAYS IN WHICH THE DEMISE OF THE ICCS IN THE AREA
COULD HAVE SERIOUS EFFECTS:

A) TO THE EXTENT THAT THE PRESENCE OF AN ICCS SITE MANNED BY
ALL FOUR MEMBERS HAS INHIBITED DIRECT NVA MILITARY ACTION AGAINST
THE LOCALE OF THE SITE, SUCH RESTRAINT WOULD BE REMOVED. SINCE THE
ENEMY STRATEGY ESPECIALLY IN MR I IS EVIDENTLY TO MAINTAIN
MAXIMUM PRESSURE EVERYWHERE IN ORDER TO STRETCH RVNAF RESOURCES
TO THE LIMIT AND THEN STRIKE AT THE WEAK POINT, THE TEMPTATION
THUS OFFERED COULD WELL BE MORE THAN THE NORTH VIETNAMESE
LEADERSHIP CAN BE EXPECTED TO RESIST.

B) PERHAPS MORE SERIOUS COULD BE THE PSYCHOLOGICAL EFFECT ON THE
LOCAL POPULATION SHOULD THE ICCS SO TO SPEAK LOWER THE FLAG.
IT IS TRUE THAT MOST VIETNAMESE CONSIDER THE ICCS TO BE GENERALLY
USELESS. NEVERTHELESS, ITS PRESENCE STILL IS TO THEM ONE VISIBLE
INDICATOR THAT SOMETHING IS DIFFERENT FROM WHAT IT WAS BEFORE
JANUARY 27, 1973. THERE ARE SOME INDICATIONS OF GROWING CONCERN
AMONG THE POPULATION IN NORTHERN MR I THAT THE AREA IS VULNERABLE
TO A COMMUNIST MILITARY THRUST. SOME OF THIS CONCERN HAS, FOR
EXAMPLE, BEEN REFLECTED IN THE APOSTOLIC DELEGATE'S REPORTING TO THE
VATICAN AND WE HAVE AN INDICATION THAT THE CATHOLIC
CLERGY IS THINKING IN TERMS OF POSSIBLE EVACUATION OF CATHOLICS
FROM HUE. THERE IS LITTLE DOUBT THAT CLOSING DOWN THE ICCS
INSTALLATIONS IN THE AREA WILL ADD TO THE PSYCHOLOGICAL MALAISE.

6. HAVING THE ABOVE IN MIND, WE HAVE SINCE PA&E SENT ITS LETTER
TO THE ICCS ON SEPT 6 ALREADY QUIETLY URGED THE IRANIANS THAT
FIRST PRIORITY FOR RETENTION OF ICCS SITES SHOULD GO TO MR I.
WE WILL DO THE SAME WITH THE INDONESIANS AND THE CONTRACTOR.
HOWEVER, UNLESS I AM ABLE VERY QUICKLY TO GIVE AN ASSURANCE THAT
FUNDS WILL BE FORTHCOMING, THERE ARE LIMITATIONS ON WHAT WE
CAN ACCOMPLISH BY EXHORTATION.

7. FROM THE BROADER STANDPOINT, IT REMAINS OUR VIEW THAT WE
SHOULD RECOGNIZE THAT THE ICCS EVEN WITH ITS LIMITATIONS
SERVES PRIMARILY A US POLICY INTEREST, AND DRAW THE CONSEQUENCES
THEREFROM BY SUBSUMING ESSENTIAL SERVICE SUPPORT FOR THE ICCS
INTO OUR OWN USG CONTRACTS WITH THE COMPANIES CONCERNED.

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